

(C) Will mature in three years or less; and

(D) Are not convertible to common stock;

(ii) Such commercial paper:

(A) Continues to be rated in one of the two highest categories by the most recently published rating of such paper by two nationally recognized investment rating services, or, if unrated, is guaranteed by a company having outstanding paper that is so rated; and

(B) Will mature in 270 days or less; and

(iii) An amount not in excess of one percent of such institution's assets invested in eligible corporate debt obligations or commercial paper of a single issuer shall be counted as a liquid asset;

(10) Reserves required to be maintained pursuant to title I of the Depository Institution Deregulation and Monetary Control Act of 1980 (94 Stat. 132) and established pursuant to 12 CFR part 204, whether in the form of:

(i) Vault cash, as defined in 12 CFR 204.2, provided that vault cash shall be included only once in calculating the aggregate amount of liquid assets;

(ii) Balances maintained directly with the Federal Reserve Bank in the district in which the savings association is located; or

(iii) A pass through account as defined in 12 CFR 204.2;

(11) Any obligation that would qualify as a liquid asset under paragraph (g)(2), (g)(3), (g)(6) or (g)(9) of this section but for its maturity: *Provided*, That the obligation:

(i) Is hedged, at a value equal to or exceeding its book value, with a firm forward commitment (including a commitment represented by a repurchase agreement) to purchase the obligation issued by a member of the Association of Primary Dealers in United States Government Securities ("Association member") or, an insured financial institution, as defined in paragraph (b) of this section, and the commitment must be fulfilled within a period of time that does not exceed the maximum maturity necessary for the obligation to qualify as a liquid asset under paragraph (g) of this section;

(ii) Is hedged, at a value equal to or exceeding its book value, with a finan-

cial futures contract under which the obligation is of deliverable grade and the delivery date is at or before the maximum maturity necessary for the obligation (the deliverable security) to qualify as a liquid asset under paragraph (g) of this section;

(iii) Is hedged, at a value equal to or exceeding its book value, with a long put option and the time period within which the option may be exercised does not exceed the maximum maturity necessary for the obligation to qualify as a liquid asset under paragraph (g)(11)(iii); or

(iv) Provides that the holder has the right to redeem the obligation with the issuer of the obligation at the stated or par value and that this right may be exercised within a period of time that does not exceed the maximum maturity necessary for the obligation to qualify as a liquid asset under this paragraph (g)(11)(iv);

Provided further, That the amount of any obligation qualifying under paragraphs (g)(11)(i), (g)(11)(ii) or (g)(11)(iii) of this section that may be counted in satisfaction of the requirements imposed by § 566.2 of this part shall be the obligation's book value at the time of hedging; and *Provided finally*, That the board of directors of a savings association shall review on at least an annual basis the financial condition of each insured financial institution, and Association members from which it regularly obtains forward commitments;

(12) Mortgage-related securities as described in 12 U.S.C. 1465(b)(1)(C)(vi); and

(13) Mortgage loans on the security of a first lien on residential real property as described in 12 U.S.C. 1465(b)(1)(C)(vii).

[54 FR 49646, Nov. 30, 1989, as amended at 61 FR 50984, Sept. 30, 1996; 62 FR 62512, Nov. 24, 1997; 63 FR 71213, Dec. 24, 1998]

§ 566.2 Requirements.

(a) *Safety and soundness requirement.* In addition to meeting the minimum requirement under paragraph (b) of this section, each savings association must maintain sufficient liquidity to ensure its safe and sound operation.

(b) *Minimum statutory liquidity requirement.* (1) Except as otherwise provided in paragraph (c) of this section, each

savings association shall maintain an average daily balance of liquid assets in each calendar quarter of not less than 4 percent of:

(i) The amount of its liquidity base at the end of the preceding calendar quarter; or

(ii) The average daily balance of its liquidity base during the preceding quarter.

(2) The average daily balance of either liquid assets or liquidity base in a quarter is calculated by adding the respective balance as of the close of each business day in a quarter, and for any non-business day, as of the close of the nearest preceding business day, and dividing the total by the number of days in the quarter.

(c) *Reduction and suspension of liquidity requirements.* The Office may, to the extent and under conditions it may prescribe, permit a savings association to reduce its liquid assets below the minimum amount required by paragraph (b) of this section to meet withdrawals or pay obligations. The Office may suspend part or all of the liquidity requirements of paragraph (b) of this section whenever it determines that conditions of national emergency or unusual economic stress exist. Any such suspension, unless sooner terminated by its terms or by the Office, shall terminate after 90 days, but the Office may again suspend part or all of such requirement at any time.

[62 FR 62513, Nov. 24, 1997]

§ 566.3 [Reserved]

§ 566.4 Records; deficiencies.

Each savings association shall maintain records verifying its compliance with liquidity requirements prescribed by the OTS, and make them available to the OTS, or its representative, during supervisory examinations and at other times as the OTS may direct. The OTS may institute appropriate enforcement proceedings for any failure to comply with the liquidity requirements of this part.

[57 FR 14348, Apr. 20, 1992]

§ 566.5 [Reserved]

PART 567—CAPITAL

Sec.

567.1 Definitions.

567.2 Minimum regulatory capital requirement.

567.3 Individual minimum capital requirements.

567.4 Capital directives.

567.5 Components of capital.

567.6 Risk-based capital credit risk-weight categories.

567.7 Interest-rate risk component.

567.8 Leverage ratio.

567.9 Tangible capital requirement.

567.10 Consequences of failure to meet capital requirements.

567.11 Reservation of authority.

567.12 Intangible assets and servicing assets.

567.13 Obligations of acquirors of savings associations to maintain capital.

567.14—567.19 [Reserved]

AUTHORITY: 12 U.S.C. 1462, 1462a, 1463, 1464, 1467a, 1828 (note).

SOURCE: 54 FR 49649, Nov. 30, 1989, unless otherwise noted.

§ 567.1 Definitions.

For purposes of this part:

Adjusted total assets. The term *adjusted total assets* means:

(1) A savings association's total assets as that term is defined in this section;

(2) Plus

(i) The prorated assets of any includable subsidiary in which the savings association has a minority ownership interest that is not consolidated under generally accepted accounting principles; and

(ii) The remaining goodwill (FSLIC Capital Contributions) resulting from prior regulatory accounting practices as provided in the definition of *qualifying supervisory goodwill* in this section;

(3) Minus

(i) Assets not included in the applicable capital standard except for those subject to paragraphs (3)(i) and (3)(iii) of this definition;

(ii) Investments in any includable subsidiary in which a savings association has a minority interest;